



General Assembly

January Session, 2005

Raised Bill No. 6840

LCO No. 4186

* _____HB06840FINAPP040405_____*

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING THE USE OF PREMIUM FROM THE SALE OF
GENERAL OBLIGATION DEBT.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Subsection (f) of section 3-20 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (f) With the exception of refunding bonds, the proceeds of the sale
5 of the bonds and any moneys held or otherwise set aside for the
6 repayment of the bonds shall be deposited with the Treasurer or, at the
7 direction of the Treasurer, with a commercial bank or trust company,
8 in trust for the benefit of the state, pending the use or application
9 thereof, for the purpose and projects specified in the bond act
10 empowering the State Bond Commission to authorize such bonds. Any
11 expense incurred in connection with the carrying out of the provisions
12 of this section, including the issuance of refunding bonds, shall be paid
13 from the accrued interest and premiums or from the proceeds of the
14 sale of such bonds or refunding bonds and in the same manner as
15 other obligations of the state, except that expenses incurred in
16 connection with the preparation, issuance and delivery of general

17 obligation bonds issued in accordance with sections 3-17 and 10-183m,
18 and delivered to the retirement fund provided for in section 10-183r
19 shall be paid out of the General Fund if sufficient accrued interest and
20 premiums are not available to pay such expenses. With the exception
21 of the proceeds of refunding bonds deposited in a defeasance escrow
22 fund, pending the use or application of any such bond proceeds or any
23 such funds, such proceeds or funds may be deposited with the
24 Treasurer in such fund or funds of the state as appropriate or at the
25 direction of the Treasurer in a commercial bank or trust company with
26 or without security to the credit of such fund or funds, or may be
27 invested by, or at the direction of, the Treasurer in bonds or obligations
28 of, or guaranteed by, the state or the United States, or agencies or
29 instrumentalities of the United States, in certificates of deposit,
30 commercial paper, savings accounts and bank acceptances, in the
31 obligations of any state of the United States or any political subdivision
32 thereof or the obligations of any instrumentality, authority or agency
33 of any state or political subdivision thereof, provided that at the time
34 of investment such obligations are rated within one of the top two
35 rating categories of any nationally recognized rating service or of any
36 rating service recognized by the Banking Commissioner, and
37 applicable to such obligations, in the obligations of any regional school
38 district in this state, of any municipality in this state or any
39 metropolitan district in this state, provided that at the time of
40 investment such obligations of such government entity are rated
41 within one of the top three rating categories of any nationally
42 recognized rating service or of any rating service recognized by the
43 Banking Commissioner, and applicable to such obligations, or in any
44 fund in which a trustee may invest pursuant to section 36a-353, or in
45 investment agreements with financial institutions whose long-term
46 obligations are rated within the top two rating categories of any
47 nationally recognized rating service or of any rating service recognized
48 by the Banking Commissioner or whose short-term obligations are
49 rated within the top rating category of any nationally recognized
50 rating service or of any rating service recognized by the Banking

51 Commissioner, or investment agreements fully secured by obligations
 52 of, or guaranteed by, the United States or agencies or instrumentalities
 53 of the United States. Except as may be provided herein or in any other
 54 public or special act, net earnings of investments of proceeds of bonds
 55 and such funds, and accrued interest and net premiums on the
 56 issuance of such bonds shall, after payment of expenses incurred by
 57 the Treasurer or State Bond Commission in connection with their
 58 issuance, if any, be deposited (1) to the credit of the General Fund, or
 59 (2) in accordance with the certificate of determination by the Treasurer,
 60 in the appropriate account or fund for any projects or purposes
 61 previously authorized pursuant to a bond act, provided upon such
 62 deposit, bonds in such amount shall be treated as issued and retired
 63 pursuant to such bond act for such project or purpose.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>from passage</i>	3-20(f)
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FIN

Joint Favorable C/R

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